

DRAFT
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*rewritten. Will
take R's draft.
CWZ
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INCOME TAX INFORMATION

The U. S. Internal Revenue Service considers that any profit realized through the sale of automobiles or other property (electrical appliances, furniture, jewelry, etc.) by U. S. personnel stationed abroad is income in the category of a capital gain on which tax must be paid. (Likewise, gains realized through currency conversions are taxable as income.) The IRS learns of such sales abroad, including prices received, through direct inquiry to official installations or through other means. When it learns of a sale in which a profit was probably made, a check is made of the individual's U. S. income tax return to determine whether a capital gain was reported and tax paid on the resulting income.

The Internal Revenue Service has invited particular attention to the necessity of citizens stationed abroad reporting all dividends and interest income, or any other income. This organization's General Counsel suggests that persons who have made profit-making sales and who have not reported them, do so now by filing an amended tax return for the years in which the income was realized. It is possible that some property sold was quasi-personal. In such case, the General Counsel advises that the sales should probably not be reported for income tax purposes but that when and if the IRS questions the transaction an immediate report be submitted to the General Counsel. The circumstances would then be communicated, in a secure manner, to the Internal Revenue Service.